



## FEDERAL RESERVE SYSTEM

### Proposed Agency Information Collection Activities; Comment Request

**AGENCY:** Board of Governors of the Federal Reserve System.

**SUMMARY:** On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board of Governors of the Federal Reserve System (Board) its approval authority under the Paperwork Reduction Act (PRA), pursuant to 5 CFR 1320.16, to approve of and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board under conditions set forth in 5 CFR 1320 Appendix A.1. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements and approved collection of information instruments are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

**DATES:** Comments must be submitted on or before [INSERT DATE 60 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER].

**ADDRESSES:** You may submit comments, identified by *FR 2004*, *FR 2320*, *FR 2644*, *FR H-6*, *FR K-1*, *FR K-2*, *FR Y-3*, *FR Y-3N*, *FR Y-4*, or *FR Y-3F* by any of the following methods:

- Agency Website: <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/apps/foia/proposedregs.aspx>.
- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.

- E-mail: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov). Include OMB number in the subject line of the message.
- FAX: (202) 452-3819 or (202) 452-3102.
- Mail: Robert deV. Frierson, Secretary, Board of Governors of the Federal Reserve System, 20<sup>th</sup> Street and Constitution Avenue, NW, Washington, DC 20551.

All public comments are available from the Board's website at <http://www.federalreserve.gov/apps/foia/proposedregs.aspx> as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper form in Room MP-500 of the Board's Martin Building (20<sup>th</sup> and C Streets, NW) between 9:00 a.m. and 5:00 p.m. on weekdays.

Additionally, commenters may send a copy of their comments to the OMB Desk Officer — Shagufta Ahmed — Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235 725 17<sup>th</sup> Street, NW, Washington, DC 20503 or by fax to 202-395-6974.

**FOR FURTHER INFORMATION CONTACT:** A copy of the PRA OMB submission, including the proposed reporting form and instructions, supporting statement, and other documentation will be placed into OMB's public docket files, once approved. These documents will also be made available on the Federal Reserve Board's public website at:

<http://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears below.

Federal Reserve Board Acting Clearance Officer — John Schmidt — Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551

202-452-3829. Telecommunications Device for the Deaf (TDD) users may contact 202-263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

## **SUPPLEMENTARY INFORMATION:**

### **Request for comment on information collection proposals**

The following information collections, which are being handled under this delegated authority, have received initial Board approval and are hereby published for comment. At the end of the comment period, the proposed information collections, along with an analysis of comments and recommendations received, will be submitted to the Board for final approval under OMB delegated authority. Comments are invited on the following:

- a. Whether the proposed collection of information is necessary for the proper performance of the Federal Reserve's functions; including whether the information has practical utility;
- b. The accuracy of the Federal Reserve's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;
- c. Ways to enhance the quality, utility, and clarity of the information to be collected;
- d. Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and
- e. Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

### **Proposals to approve under OMB delegated authority the extension for three years, with revision, of the following reports:**

1. *Report title:* The Government Securities Dealers Reports: Weekly Report of Dealer Positions (FR 2004A), Weekly Report of Cumulative Dealer Transactions (FR 2004B), Weekly

Report of Dealer Financing and Fails (FR 2004C), Weekly Report of Specific Issues (FR 2004SI), Daily Report of Specific Issues (FR 2004SD), Supplement to the Daily Report of Specific Issues (FR 2004SD ad hoc), and Daily Report of Dealer Activity in Treasury Financing (FR 2004WI), Settlement Cycle Report of Dealer Fails and Transaction Volumes Class A (FR 2004FA), Settlement Cycle Report of Dealer Fails and Transaction Volumes Class B (FR 2004FB), Settlement Cycle Report of Dealer Fails and Transaction Volumes Class C (FR 2004FC), Settlement Cycle Report of Dealer Fails and Transaction Volumes Class A, B, and C (FR 2004FM).

*Agency form number:* FR 2004.

*OMB control number:* 7100-0003.

*Frequency:* Weekly, daily, monthly.

*Reporters:* Dealers in the U.S. government securities market.

*Estimated annual reporting hours:* FR 2004A, 3,432 hours; FR 2004B, 4,233 hours; FR 2004C, 3,546 hours; FR 2004SI, 2,517 hours; FR 2004SD, 1,210 hours; FR 2004SD ad hoc, 528 hours; FR 2004WI, 3,520 hours; FR 2004FA, 264 hours; FR 2004FB, 264 hours; FR 2004FC, 264 hours; FR 2004FM, 396 hours.

*Estimated average hours per response:* FR 2004A, 3.0 hours; FR 2004B, 3.7 hours; FR 2004C, 3.1 hours; FR 2004SI, 2.2 hours; FR 2004SD, 2.2 hours; FR 2004SD ad hoc, 2.0 hours; FR 2004WI, 1.0 hour; FR 2004FA, 1.0 hour; FR 2004FB, 1.0 hour; FR 2004FC, 1.0 hour; FR 2004FM, 1.5 hours.

*Number of respondents:* 22.

*General description of report:* This information collection is authorized by sections 2A, 12A(c), 14, and 15 of the Federal Reserve Act (12 U.S.C. 225a, 263c, 353-359, and 391) and is required

to obtain or retain the benefit of dealer status. Individual respondent data are regarded as confidential under the Freedom of Information Act (5 U.S.C. 552(b)(4) and (b)(8)).

*Abstract:* The FR 2004A collects weekly data on dealers' outright positions in Treasury and other marketable debt securities. The FR 2004B collects cumulative weekly data on the volume of transactions made by dealers in the same instruments for which positions are reported on the FR 2004A. The FR 2004C collects weekly data on the amounts of dealer financing and fails. The FR 2004SI collects weekly data on position, transaction, financing, and fails for the most recently issued on-the-run Treasury securities (the most recently issued Treasury securities for each maturity class). When unusual trading practices occur for a specific security, this information can be collected on a daily basis on the FR 2004SD for either on-the-run Treasury securities or off-the-run Treasury securities. The FR 2004SD ad hoc collects up to 10 ad hoc data items for instances when critical information for additional Treasury market surveillance is required. The FR 2004WI collects daily data on positions in to-be-issued Treasury coupon securities, mainly the trading on a when-issued delivery basis.

*Current Actions:* The Federal Reserve proposes to revise the FR 2004 effective for the January 7, 2015, as of date. Provided below is a list of the proposed revisions to each reporting form followed by a more detailed discussion of the justification for each of the proposed revisions.

#### **FR 2004A and B**

1. Collect data on gross positions for floating rate Treasury securities.
2. Expand reporting of corporate securities data with additional maturity groupings for both investment grade and below investment grade debt securities.

3. Expand reporting of state and municipal government obligations data with additional maturity groupings.

#### **FR 2004C**

Add a separate row in the securities financing section of the report form to cover financing activity for asset-backed securities (ABS) collateral.

#### **FR 2004SI, SD, and WI**

Collect data on gross positions for floating rate Treasury securities.

##### ***Treasury Floating Rate Notes (FRNs)***

Collecting data on gross positions for nominal Treasury securities on the FR 2004A and B is proposed to capture position and transaction data on the newly-issued floating rate Treasury notes. The FR 2004SI, SD, and WI would be modified to capture data on new issue and on-the-run floating rate Treasury notes. Separately capturing and disseminating these data would help promote transparency in this market. In an effort to minimize burden, all Treasury FRN activity, regardless of maturity, would be combined and reported on a single line on the FR 2004A, B, SI, SD, and WI.

##### ***Additional Maturity Information on Corporate and State and Local Government***

##### ***Obligations***

Expanding the maturity categories on the FR 2004A and B for both investment grade and non-investment grade corporate bonds as well as for state and local government obligations is proposed to assist market participants and other data users in better understanding the shifts in holdings and transaction volumes across the investment-grade, high-yield, and municipal credit markets, as well as the inter-market dynamics between these asset classes.

***Asset-Backed Securities in the Securities Financing Section***

A small expansion of securities financing data through the broadening of collateral asset classes to include asset-backed securities (previously reported under the classification “other”) is proposed on the FR 2004C. The changes in financing reporting, when used in conjunction with existing tri-party and general collateral financing (GCF) repurchase agreement data, would allow for a clearer understanding of activity in the repurchase agreement markets and how holding of these securities are financed by dealers.

**Proposed FR 2004FA, FB, FC, and FM*****Proposed Monthly Reporting Forms on Mortgage-Backed Securities (MBS) Settlement Fails***

The Federal Reserve proposes to add four new reporting forms to the FR 2004 series (FR 2004FA, FR 2004FB, FR 2004FC, and FR 2004FM) to collect detailed data on settlement fails to receive and fails to deliver as well as accumulated outright transaction and dollar roll volume in the Federal Agency and government sponsored enterprise (GSE) MBS to-be-announced (TBA) markets. Three of these new reporting forms would focus specifically on outstanding settlement fails monthly on the specific class settlement date across the full coupon stack for each of the respective TBA and pool settlement classes as follows:

1) FR 2004FA – Class A, 30-year Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) MBS TBA for coupons:

- <2.5%
- 2.5%
- 3.0%
- 3.5%
- 4.0%

- 4.5%
- 5.0%
- 5.5%
- 6.0%
- >6.0%

2) FR 2004FB – Class B, 15-year FNMA and FHLMC MBS TBA for coupons:

- <2.0%
- 2.0%
- 2.5%
- 3.0%
- 3.5%
- 4.0%
- 4.5%
- 5.0%
- 5.5%
- >5.5%

3) FR 2004FC – Class C, 30-year Government National Mortgage Association (GNMA)

for coupons:

- <2.5%
- 2.5%
- 3.0%
- 3.5%



- 4.0%
- 4.5%
- 5.0%
- 5.5%
- 6.0%
- >6.0%

The FR 2004FM would collect as of the last business day of each month detailed data on outstanding settlement fails across the full coupon stack for all three of the respective TBA settlement classes for that month's settlement cycle.

All four proposed forms would also collect total accumulated outright TBA and specified pool transaction and dollar roll volumes separately for each of the same MBS TBA and specified pool securities and across all respective coupon rates covered in the settlement fails section of the forms.

- Class A - 30-year FNMA and 30-year FHLMC
- Class B - 15-year FNMA and 15-year FHLMC
- Class C - 30-year GNMA

Given the unique forward trading and settlement characteristics of the MBS TBA markets, settlement fails would continue to be a focus of concern for market participants, as a high level of settlement fails can lead to increases in operational costs due to financing and settlement fail charges, as well as raise counterparty credit risk. It also absorbs capital through regulatory charges, leads to overall market inefficiencies, and increases overall systemic risk.

The collection and public dissemination of detailed data on settlement fails for specific Federal agency and GSE MBS benchmark securities would promote increased transparency to the public by providing sufficient granularity to identify those securities contributing most significantly to elevated or persistent levels of settlement fails. Collecting outstanding fails data at two separate dates each month offers several benefits including an ability to distinguish between fails due to operational issues such as miscommunication of pool terms, pool substitutions, and daisy chain fails due to pool sorting delays, from more persistent fails still outstanding at month end and unlikely to be settled until the next monthly class settlement date. Persistent fails are often the result of insufficient incentives for a dealer that is short securities to borrow the securities required to satisfy its obligations. Prior episodes of higher and protracted settlement fails seem to be closely related to low interest rate environments. These new data would allow market participants and the broader public to more precisely monitor the settlement dynamics of this important market, allowing for a broader understanding of market functioning and trading conditions, and more generally, about the formulation and implementation of monetary policy. It would also provide information on the critical role of primary dealers in intermediating dollar roll transactions and agency MBS financing to market participants. The expansion of collected data would allow for a greater understanding of critical markets that directly affect the System Open Market Account, where agency MBS holdings currently account for over 40% of total securities holdings.

**Publication of Aggregate Data**

Publication of aggregate data of all new data items from the FR 2004A, B, C, and SI is proposed. The expansion of published aggregate statistics would improve market transparency across the affected markets. Publication of summary aggregate statistics on MBS TBA

settlement fails from the FR 2004FA, FB, FC, and FM is also proposed with the format still to be determined.

### **Clarifications to the Instructions**

The instructions for all report series would be revised to (1) cover all new proposed data items and maturity groupings, (2) to indicate the reporting rules for Treasury FRNs on the FR 2004C report and (3) cover the reporting rules and deadlines for the new monthly report forms on MBS TBA settlement fails and transaction volumes.

2. *Report title:* Weekly Report of Selected Assets and Liabilities of Domestically Chartered Commercial Banks and U.S. Branches and Agencies of Foreign Banks.

*Agency form number:* FR 2644.

*OMB control number:* 7100-0075.

*Frequency:* Weekly.

*Reporters:* Domestically chartered commercial banks and U.S. branches and agencies of foreign banks.

*Estimated annual reporting hours:* 127,400 hours.

*Estimated average hours per response:* 2.80 hours.

*Number of respondents:* 875.

*General description of report:* The FR 2644 is authorized by section 2A and 11(a)(2) of the Federal Reserve Act (12 U.S.C. 225(a) and 248(a)(2)) and by section 7(c)(2) of the International Banking Act (12 U.S.C. 3105(c)(2)) and is voluntary. Individual respondent data are regarded as confidential under the Freedom of Information Act (5 U.S.C. 552(b)(4)).

*Abstract:* The FR 2644 is the only source of high-frequency data used in the analysis of current banking developments. The FR 2644 collects sample data that are used to estimate universe

levels using data from the quarterly commercial bank Consolidated Reports of Condition and Income (FFIEC 031 and 041; OMB No. 7100-0036) and the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002; OMB No. 7100-0032) (Call Reports). Data from the FR 2644, together with data from other sources, are used to construct weekly estimates of bank credit, balance sheet data for the U.S. banking industry, sources and uses of banks' funds, and to analyze banking and monetary developments.

*Current Actions:* The Federal Reserve proposes to subdivide several loan categories and add two new memoranda items. The Federal Reserve also recommends deleting several data items that are no longer useful or only have material amounts at a few banks. The item count for the revised FR 2644 reporting form would be 33 balance-sheet items and four memoranda items, an overall increase of three data items. The Federal Reserve proposes to revise the FR 2644 effective for the January 7, 2015, as of date.

#### **Split data item 4.a(2) into four data items**

The Federal Reserve proposes to split current data item 4.a(2), commercial real estate loans, into four data items and renumber current data items 4.a(1) and 4.a(3) as follows:

- 4.a(1) Construction, land development and other land loans,
- 4.a(2) Secured by farmland,
- 4.a(3)(a) Revolving, open-end loans secured by 1-4 residential properties and extended under lines of credit,
- 4.a(3)(b) Closed-end loans secured by 1-4 family residential properties,
- 4.a(4) Secured by multifamily (5 or more) residential properties, and
- 4.a(5) Secured by nonfarm nonresidential properties.

Commercial real estate loans have been collected from the largest banks since 1996 and from smaller institutions starting in 2004. While the total amount of commercial real estate loans (CRE) loans has been useful, experience during the financial crisis indicated that more timely information on the subcomponents of CRE loans is necessary. According to the H.8 data, CRE loans declined about \$360 billion between early 2009 and mid-2012. Such loans started to recover during the second half of 2012; however not all CRE loan segments were improving at the same pace, as Call Report data later revealed. Specifically, construction and land development loans, generally considered to be the riskiest type of CRE loans, began declining a year earlier relative to other types of CRE loans and growth in this sector also picked up a year later. More timely data in these subcategories of CRE loans would help the Federal Reserve to closely monitor changes in CRE loans trends more quickly.

**Split data item 4.d(2) into two data items**

The Federal Reserve proposes to split item 4.d(2), other consumer loans, into the following data items:

4.d(2) Automobile loans and

4.d(3) Other consumer loans.

Automobile loans were added to the domestic Call Reports in March 2011 as a component of other consumer loans. According to Call Report data, automobile loans have accounted for over 60 percent of the other consumer loans category, with the remainder comprised of student loans and other loans for personal expenditures. Isolating automobile loans would help the Federal Reserve ascertain movements in consumer loans other than credit cards and would provide more timely information on the availability of credit in the automobile loan market.

**Subdivide data item 4.e into two data items**

The Federal Reserve proposes dividing data item 4.e, all other loans and leases, into the following two data items:

4.e Loans to nondepository financial institutions and

4.f All other loans and leases.

Current data item 4.f, allowance for loan and lease losses, would be renumbered as data item 4.g.

Loans to nondepository financial institutions were added to the domestic Call Reports in March 2010 in response to an increase in the number of transactions between banks and nonbank financial institutions. Although loans to nondepository financial institutions are only a small part of total loans—about 3.5 percent as of the fourth quarter of 2013—its share has been steadily increasing since 2010 and is the fastest-growing component of other loans. Specifically, according to the Call Reports, loans to nondepository financial institutions at commercial banks increased at an annual rate of 12 and 24 percent in 2012 and 2013, respectively. Collecting this subcomponent of all other loans would provide a measure of the degree of interconnectedness between banks and nonbanks and how it evolves over time. Banks' exposures to counterparties with whom they borrow and lend funds are potential conduits for the transmission of the effects resulting from nonbanks' financial distress or activities. Thus, this data item would be useful for the Financial Stability Oversight Council as well, as this group would be monitoring on an ongoing basis the interconnectedness within the financial system.

### **Create a component of current memorandum item M.1**

The Federal Reserve proposes to add a subcomponent of memorandum item M.1, net unrealized gains (losses) on available-for-sale securities:

M.1 Net unrealized gains (losses) on available-for-sale securities;

M.1.a Net unrealized gains (losses) on available-for-sale U.S. Treasury securities and U.S. government agency obligations, mortgage-backed securities (included in item 2.a(1) and memoranda item 1 above).

Banks are instructed to report their held-to-maturity securities at amortized cost and their available-for-sale securities at fair value on the FR 2644 reporting form. Item M.1, net unrealized gains (losses) on available-for-sale securities, had been added to the FR 2416 reporting form as of October 2, 1996 and was retained on the single reporting form in July 2009. This data item allows the Federal Reserve to estimate the book value of banks' securities. Since the FR 2644 collects four categories of securities, internal estimates of growth in securities subcomponents allocate the unrealized gains (losses) adjustment only to the largest subcomponent of securities, namely item 2.a(1), U.S. Treasury and U.S. government agency securities, mortgage-backed securities. This approach worked fairly well as a way of estimating the book value of banks' securities before the last financial crisis, because up to that point the swings in fair value largely reflected interest rate changes that moved the value of all securities in the same direction. During the financial crisis period, some of the large changes in unrealized gains (losses) on available-for-sale securities were attributable to credit impairment rather than interest rate changes and observed in the subcomponents of other securities, "mortgage-backed securities (MBS) and non-MBS." While efforts have been made to allocate the net unrealized gains (losses) across the four categories of securities collected, no entirely satisfactory method

for the allocation of net unrealized gains (losses) across all types of securities currently exists. The addition of the unrealized gains (losses) on U.S. Treasury and agency securities, MBS on the revised FR 2644 form would improve the allocation of net gains (losses) on available-for-sale securities across the remaining three securities' categories, because changes in those categories are almost always related solely to interest rate changes.

### **Create new memorandum item M.2**

The Federal Reserve proposes to collect subcomponents of data items 4.a(5), CRE loans secured by nonfarm nonresidential properties, and 4.c, commercial and industrial loans:

M.2.a Commercial real estate loans secured by nonfarm nonresidential properties with original amounts of \$1,000,000 or less (included in data item 4.a(5)) and

M.2.b Commercial and industrial loans to U.S. addressees with original amounts of \$1,000,000 or less (included in data item 4.c above).

There are no timely sources of information for loans made to small businesses. Small business lending (CRE loans secured by nonfarm nonresidential properties and commercial and industrial loans to U.S. addressees with original amounts of \$1,000,000 or less) accounted for approximately 8 percent of total loans as of December 2013. There has been an increasing interest in the health of small business lending and the weekly collection of this data would help the Federal Reserve more closely monitor developments in this sector.

### **Proposed elimination of data items**

The Federal Reserve recommends deleting the following data items from the FR 2644 report:

5.a Derivatives with a positive fair value and



#### 10.a Derivatives with a negative fair value.

In addition, the Federal Reserve proposes to stop collecting the following three memoranda items:

Outstanding principle balance of assets sold and securitized by the reporting bank with servicing retained or with recourse or other seller-provided credit enhancements:

M.2.a Real estate loans,

M.2.b Credit card loans and other revolving credit plans, and

M.2.c Other consumer loans.

Data item 5.a, derivatives with a positive fair value, is a subcomponent of item 5, trading assets. In addition to derivatives, trading assets include other, non-security items such as certificates of deposit held for trading and gold bullion and silver. However, derivatives with a positive fair value account for 90 percent of total trading assets for domestically chartered commercial banks and 95 percent for foreign-related institutions. Total trading assets can be safely used as a proxy for derivatives, as the preponderance of the movement in this item can be attributed to derivatives. Therefore, the Federal Reserve recommends deleting this data item from the FR 2644 report.

Data item 10.a, derivatives with a negative fair value, is a subcomponent of item 10, trading liabilities. Similar to item 5.a above, these derivatives account for a high percentage of trading liabilities: 70 percent for domestically chartered banks and 88 percent for foreign-related institutions. Since item 10.a. comprises such a large portion of the total, weekly changes are typically driven by changes in derivatives with a negative fair value. Therefore, the Federal Reserve recommends deleting this data item from the FR 2644 report.

Memorandum item 2.a, outstanding principle balance of assets sold and securitized by the reporting bank with servicing retained or with recourse or other seller-provided credit enhancements: real estate loans, was added on July 4, 2007, in an attempt to capture mortgage loans sold and securitized with servicing retained by weekly reporters. However, there have been several factors leading to a substantial decline in this item:

- (1) Based on the Call Report instructions, sales to the government sponsored entities (GSEs) are not included in this item, even if the GSEs later securitize the loans. This peculiarity in the instructions understates the actual amount of real estate loans that have been sold and securitized.
- (2) Upcoming changes to the regulatory capital treatment of mortgage servicing rights (MSRs) under Basel III have encouraged banks to sell their MSRs to nonbanks. The sale of the MSRs reduces securitized real estate loans since it voids the link that banks have to their off-balance sheet real estate loans. Thus, the off-balance-sheet loans have been declining in volume.
- (3) Due to the virtually complete shutdown of private mortgage securitization markets, banks have been selling their newly originated loans only to the GSEs, leading to a run-off in the off-balance sheet loans through pay downs and maturities.

Securitized real estate loans were about \$1.46 trillion at the time of the single report form, with 93 banks on the December 2009 Call Report submitting nonzero values for this item. As of the first quarter of 2014, data corrections, sales of MSRs, and pay downs have all lowered the level of securitized real estate loans more than one-half, to about \$663 billion. Moreover, only 53 banks reported positive values for this line item at the end of the last quarter. In addition, the holdings of securitized real estate loans are heavily concentrated in a few banks

which update their outstanding securitized amounts quarterly based on their Call Reports. Therefore, a quarterly frequency for this much smaller amount of lending activity is now appropriate. Therefore, the Federal Reserve recommends deleting this data item from the FR 2644 report.

Memoranda items 2.b and 2.c, which correspond to outstanding principle balance of assets sold and securitized by the reporting bank with servicing retained or with recourse or other seller-provided credit enhancements: credit cards and other revolving credit plans and other consumer loans, respectively, were greatly affected by banks' implementation of Financial Accounting Standards (FAS) 166/167. Under these new accounting rules, banks brought most of their off-balance sheet consumer loans onto their books. In 2009, 20 banks with off-balance sheet credit card balances and 14 with off-balance sheet other consumer loans were reporting this item. As of March 2014, just four banks were reporting off-balance sheet credit card balances and ten banks holding off-balance sheet exposures for other consumer loans. In addition, these data are available from the Call Reports and a quarterly frequency for this much smaller amount of lending activity is now appropriate. Therefore, the Federal Reserve recommends deleting these data items from the FR 2644 report.

**Proposal to approve under OMB delegated authority the extension for three years, without revision, of the following reports:**

1. *Report title:* Quarterly Savings and Loan Holding Company Report.

*Agency form number:* FR 2320.

*OMB control number:* 7100-0345.

*Frequency:* Quarterly.

*Reporters:* Top and lower-tier savings and loan holding companies (SLHCs).

*Estimated annual reporting hours:* 180 hours.

*Estimated average hours per response:* 2.5 hours.

*Number of respondents:* 18.

*General description of report:* This information collection is mandatory pursuant to section 10 of the Home Owners' Loan Act (HOLA), (12 U.S.C. 1467a(b)(2)) as amended by Pub. L.

No. 111-201, § 369(8). Data items C572, C573, and C574 on Schedule H may be protected from disclosure under exemption 4 of the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(4)).

With regard to the remaining data items on Schedule HC, the Federal Reserve has determined that institutions may request confidential treatment for any FR 2320 data item or for all FR 2320 data items, and confidential treatment will be reviewed on a case-by-case basis.

*Abstract:* The FR 2320 collects select parent only and consolidated balance sheet and income statement financial data and organizational structure data from savings and loan holding companies (SLHCs) exempt from initially filing Federal Reserve regulatory reports. The FR 2320 is used by the Federal Reserve to analyze the overall financial condition of exempt SLHCs to ensure safe and sound operations. These data assist the Federal Reserve in the evaluation of a diversified holding company and in determining whether an institution is in compliance with applicable laws and regulations.

2. *Report title:* Notifications Related to Community Development and Public Welfare Investments of State Member Banks.

*Agency form number:* FR H-6.

*OMB control number:* 7100-0278.

*Frequency:* Event-generated.

*Reporters:* State member banks.

*Estimated annual reporting hours:* 182.

*Estimated average hours per response:* Post Notification, 2 hours; Application (Prior Approval) 5 hours; and Extension of divestiture period, 5 hours.

*Number of respondents:* Post Notification, 16; Application (Prior Approval), 29; and Extension of divestiture period, 1.

*General description of report:* This information collection is authorized by the Federal Reserve Act, 12 USC § 338a, and by the Board's Regulation H, 12 CFR 208.22. The obligation of state member banks to make public welfare investments under both the Reserve Bank post-notice and the Board's prior approval procedure is mandatory. The request for extension of the divestiture period is required to obtain a benefit. Individual respondent data generally are not regarded as confidential. However, a bank that submits confidential proprietary information may request confidential treatment of that information pursuant to section (b)(4) of the Freedom of Information Act (FOIA), 5 U.S.C. 552(b)(4), and the information will be accorded confidential treatment if the institution can establish the potential for substantial competitive harm under the standards set forth in National Park & Conservation Ass'n v. Morton, 498 F.2d 765 (D.C. Cir.1974). Such a determination would be made on a case-by-case in response to a specific request for disclosure. If examination ratings are included in a submission, those will be considered confidential under exemption 8 of the FOIA, 5 U.S.C. 552(b)(8).

*Abstract:* Regulation H requires state member banks planning to make community development or public welfare investments to comply with the Regulation H notification requirements: (1) if the investment does not require prior Board approval, a written notice must be sent to the appropriate Federal Reserve Bank; (2) if certain criteria are not met, and requires prior Board approval, a request for approval must be sent to the appropriate Federal Reserve Bank; and, (3) if

the Board orders divestiture, but the bank cannot divest within the established time limit, a request or requests for extension of the divestiture period must be submitted to the appropriate Federal Reserve Bank.

3. *Report title:* International Applications and Prior Notifications under Subparts A and C of Regulation K.

*Agency form number:* FR K-1.

*OMB control number:* 7100-0107.

*Frequency:* Event-generated.

*Reporters:* State member banks, national banks, bank holding companies, Edge and agreement corporations, and certain foreign banking organizations.

*Annual reporting hours:* 1,013 hours.

*Estimated average hours per response:* Attachments A and B, 11.5 hours; Attachments C through G, 10 hours; Attachments H and I, 15.5 hours; Attachment J, 10 hours; Attachment K, 20 hours.

*Number of respondents:* 35.

*General description of report:* This information collection is mandatory (12 U.S.C. 601-604(a), 611-631, 1843(c)(13), 1843(c)(14), and 1844(c)) and is not given confidential treatment. The information submitted in the FR K-1 is considered to be public unless an institution requests confidential treatment for portions of the particular application or notification. Applicants may rely on any Freedom of Information Act (FOIA) exemption, but such requests for confidentiality must contain detailed justifications corresponding to the claimed FOIA exemption. Requests for confidentiality must be evaluated on a case-by-case basis.

*Abstract:* Subpart A of Regulation K governs the foreign investments and activities of member banks, Edge and agreement corporations, bank holding companies (BHCs), and certain investments by foreign organizations. Subpart C of Regulation K governs investments in export trading companies. The FR K-1 information collection contains eleven attachments for the application and notification requirements embodied in Subparts A and C of Regulation K. The Federal Reserve requires these applications for regulatory and supervisory purposes and to allow the Federal Reserve to fulfill its statutory obligations under the Federal Reserve Act and the Bank Holding Company Act of 1956. The applications are event-generated and provide the Federal Reserve with information necessary to evaluate each of the proposed transactions.

4. *Report title:* International Applications and Prior Notifications Under Subpart B of Regulation K.

*Agency form number:* FR K-2.

*OMB control number:* 7100-0284.

*Frequency:* On occasion.

*Reporters:* Foreign banks.

*Annual reporting hours:* 490 hours.

*Estimated average hours per response:* 35 hours.

*Number of respondents:* 14.

*General description of report:* This information collection is mandatory (12 U.S.C. 3105, 3107, and 3108). The applying or notifying organization may request that portions of the information contained in the FR K-2 be afforded confidential treatment. To do so, applicants must demonstrate how the information for which confidentiality is requested would fall within the

scope of one or more of the exemptions contained in the Freedom of Information Act. Any such request would have to be evaluated on a case-by-case basis.

*Abstract:* Foreign banks are required to obtain the prior approval of the Federal Reserve to establish a branch, agency, or representative office; to acquire ownership or control of a commercial lending company in the United States; or to change the status of any existing office in the United States. The Federal Reserve uses the information, in part, to fulfill its statutory obligation to supervise foreign banking organizations with offices in the United States.

5. *Report title:* Application for Prior Approval to Become a Bank Holding Company, or for a Bank Holding Company to Acquire an Additional Bank or Bank Holding Company; Notice for Prior Approval to Become a Bank Holding Company, or for a Bank Holding Company to Acquire an Additional Bank or Bank Holding Company; and Notification for Prior Approval to Engage Directly or Indirectly in Certain Nonbanking Activities.

*Agency form numbers:* FR Y-3, FR Y-3N, and FR Y-4.

*OMB control number:* 7100-0121.

*Frequency:* Event-generated.

*Reporters:* Corporations seeking to become bank holding companies (BHCs), or BHCs and state chartered banks that are members of the Federal Reserve System

*Annual reporting hours:* 11,924 hours.

*Estimated average hours per response:*

FR Y-3, Section 3(a)(1): 49 hours;

FR Y-3, Section 3(a)(3) and 3(a)(5): 59.5 hours;

FR Y-3N, Sections 3(a)(1), 3(a)(3), and 3(a)(5): 5 hours;

FR Y-4, complete notification: 12 hours;



FR Y-4, expedited notification: 5 hours; and

FR Y-4, post-consummation: 0.5 hours.

*Number of respondents:* 279.

*General description of reports:* The FR Y-3 application and FR Y-3N notification are mandatory (12 U.S.C. 1842(a), 1844(b), and 1843(j)(1)(b)). The FR Y-4 notification is mandatory (12 U.S.C. 1843(j)(1)(b)). These information collections are not given confidential treatment. Applicants may rely on any Freedom of Information Act (FOIA) exemption, but such requests for confidentiality must contain detailed justifications corresponding to the claimed FOIA exemption. Requests for confidentiality must be evaluated on a case-by-case basis.

*Abstract:* The Federal Reserve requires the submission of these filings for regulatory and supervisory purposes and to allow the Federal Reserve to fulfill its statutory obligations under the Bank Holding Company Act of 1956 (the BHC Act). These filings collect information on proposals by BHCs involving formations, acquisitions, mergers, and nonbanking activities. The Federal Reserve must obtain this information to evaluate each individual transaction with respect to financial and managerial factors, permissibility, competitive effects, net public benefits, and the impact on the convenience and needs of affected communities.

6. *Report title:* Application for a Foreign Organization to Acquire a Bank Holding Company.

*Agency form number:* FR Y-3F.

*OMB control number:* 7100-0119.

*Frequency:* On occasion.

*Reporters:* Any company organized under the laws of a foreign country seeking to acquire a U.S. subsidiary bank or bank holding company.

*Annual reporting hours:* 440 hours.

*Estimated average hours per response:* Initial application, 90 hours; subsequent application, 70 hours.

*Number of respondents:* Initial application, 1; subsequent application, 5.

*General description of report:* This information collection is required to obtain or retain a benefit under sections 3(a), 3(c), and 5(a) through 5(c) of the Bank Holding Company Act (12 U.S.C. 1842(a) and (c) and 1844(a) through (c)). The information provided in the application is not confidential unless the applicant specifically requests confidentiality and the Federal Reserve approves the request. The instructions convey the confidentiality requirements to applicants.

*Abstract:* Under the Bank Holding Company Act (BHCA), submission of this application is required for any company organized under the laws of a foreign country seeking to acquire a U.S. subsidiary bank or bank holding company. Applicants must provide financial and managerial information, discuss the competitive effects of the proposed transaction, and discuss how the proposed transaction would enhance the convenience and needs of the community to be served. The Federal Reserve uses the information, in part, to fulfill its supervisory responsibilities with respect to foreign banking organizations in the United States.

Board of Governors of the Federal Reserve System, September 19, 2014.

Robert deV. Frierson,  
Secretary of the Board.  
Billing Code 6210-01-P

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